

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 733 - SB 849**

March 2, 2009

**SUMMARY OF BILL:** Authorizes compensation to qualified small in-state dealers for their cost of accounting and submitting sales and use tax returns and payments to the Department of Revenue (DOR) up to 0.5 percent of the total tax remitted by such dealer.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$90,700/One-Time  
\$1,968,800/Recurring**

Assumptions:

- “Qualified small in-state dealer” means a Tennessee business with annual gross sales totaling \$240,000 or less.
- Application is made to DOR within 90 calendar days of the close of dealer’s tax year and the dealer provides any additional information as deemed necessary by DOR.
- No compensation shall be made to any dealer who has failed to, or is delinquent in, remitting the necessary sales tax on their annual gross sales.
- Based on information received from DOR for a bill introduced in 2007 containing identical language to this bill, it is estimated that approximately 70,000 dealers would qualify for compensation under this bill.
- Average payment to dealers is estimated to be \$25 per application.
- The increase to recurring state expenditures for dealer compensation payments is estimated to be \$1,750,000 per year (70,000 x \$25 = \$1,750,000).
- One additional Tax Auditor 4 position and three additional Tax Auditor 2 positions for approving 70,000 applications and processing compensation payments to such taxpayers. The associated increase to recurring state expenditures is estimated to

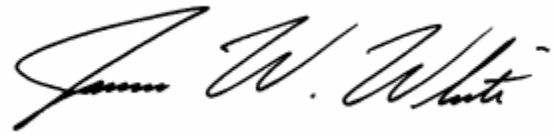
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be \$218,800 per year (\$131,200 salaries, \$67,600 benefits, \$20,000 other).

- The total increase to recurring state expenditures is estimated to be \$1,968,800 per year ( $\$1,750,000 + \$218,800 = \$1,968,800$ ).
- One-time increase to state expenditures for computer and software modifications estimated to be \$90,700.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc